



**Office of the Attorney General
Robert E. Cooper, Jr.**

NEWS RELEASE

FOR IMMEDIATE RELEASE

Jan. 8, 2007

#07-01

CONTACT:

Sharon Curtis-Flair

(615) 741-5860

**ATTORNEY GENERAL, TBI RECOVER MORE THAN \$3.5 MILLION FROM
HEALTHCARE FRAUD IN 2006**

Tennessee Attorney General Bob Cooper and TBI Director Mark Gwyn announced today their offices have recovered \$3,544,013.12 on behalf of the Tennessee Medicaid Program in 2006 as a result of efforts to curb healthcare fraud in Tennessee.

These funds are the result of civil agreements between the State of Tennessee and various pharmaceutical and healthcare companies alleged to have violated Tennessee's Medicaid fraud statutes. Some of the allegations raised in these lawsuits included fraudulent billing to TennCare, kickbacks to physicians, drug switching schemes and misrepresenting the Average Wholesale Price (AWP) for pharmaceuticals to the government.

"I am pleased that this office was able to bring to justice those companies who defrauded TennCare," Attorney General Cooper said.

Director Gwyn agreed adding, "The large volume of documents involved in these kinds of cases make them some of the toughest for our agents to work, but at the end of the day, it's satisfying to see some of the illegal proceeds benefitting those in Tennessee who need it the most."

The \$3.5 million figure represents only the amounts retained by the State. In fact, the efforts of the Attorney General's Office and TBI resulted in significantly higher payments by these violators. Because Tennessee's Medicaid program is approximately 65 percent federally funded, that percentage of each agreement must be returned to the Centers for Medicare and Medicaid Services, the federal agency that oversees TennCare. In addition, the majority of these agreements resulted from cases brought under the Tennessee Medicaid False Claims Act, which allows whistle-blowers to sue on behalf of the State and receive a portion of any recovery.

"We're happy to hear our partners in the state have been so successful at recovering funds acquired from TennCare through fraudulent means. The swift discovery and retrieval of such money goes a long way to ensuring the right resources reach the right people," said Darin Gordon, TennCare Director. "Cracking down on those who would try to defraud TennCare helps bolster confidence in the integrity of our program, in the long run."

The agreements were reached as a result of cooperative efforts between the Attorney General's Antitrust Division, the National Association of Medicaid Fraud Control Units and the Tennessee Bureau of Investigation, Medicaid Fraud Control Unit.

Those payments received to date include:

- *Tenet Healthcare (headquartered in Dallas, Texas with hospitals in Memphis and other cities nationally) \$31,177.07.
- *Driscoll and Garcia v. Serono (North American operation based in Massachusetts) \$385,589.77.
- *Narciso Gaboy, M.D. (Nashville) who has ongoing monthly payments \$30,000.
- *The Guidance Center (Chattanooga) who has ongoing monthly payments \$59,789.
- *Bogart v. King Pharmaceuticals (Johnson City) \$2,104,047.91.
- *GlaxoSmithKline (North Carolina) \$566,181.69.
- *OmniCare (Kentucky) \$367,227.68.